

Before the
FEDERAL COMMUNICATIONS COMMISSION
 Washington, D. C. 20554

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In the Matter of)
)
 Waiver of the Rules of the Federal)
 Communications Commission Relating)
 to Implementation of the Emergency)
 Broadcast System)

FEDERAL COMMUNICATIONS COMMISSION
 OFFICE OF THE SECRETARY
 FO Docket Nos. 91-171/91-301
 North East TV Cooperative, Inc.

To: Chief, Technical & Public Safety Division, Enforcement Bureau

PETITION FOR WAIVER OF
EMERGENCY ALERT SYSTEM REQUIREMENTS

North East TV Cooperative, Inc. (hereinafter "Petitioner"), by its attorneys, respectfully requests a waiver of Section 11.11 of FCC Rules, 47 U.S.C. § 11.11. Specifically, Petitioner seeks a waiver of the requirement that Multipoint Distribution Service and Instructional Television Fixed Service operators ('wireless cable system operators') implement Emergency Alert System ("EAS") equipment and procedures by October 1, 2002. Section 11.11 requires small wireless cable television systems serving fewer than 5,000 subscribers either to provide the national level EAS message on all programmed channels - including the required testing - or to install EAS equipment and provide a video interrupt and audio alert on all programmed channels and EAS audio and visual messages on at least one programmed channel by October 1, 2002.

As set forth below, circumstances exist wherein EAS-compliant technology compatible with Petitioner's wireless cable television system facilities is not yet commercially available at a financially reasonable expense, and may not be available for an undetermined period of time. Installation at

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current prices threatens the financial viability of Petitioner's systems. For the reasons shown herein, Petitioner requests a temporary, 36-month waiver of the EAS requirements, and particularly of the requirement that EAS implementation be achieved by October 1, 2002.

Petitioner relies herein upon the mechanism for waiver established in the Second Report and Order in FO Docket Nos. 91-301 and 91-171, 12 FCC Rcd at 15513, n.59 (1997) ("2nd Report and Order"), and confirmed in the Report and Order in EB Docket No. 01-66 FCC 02-64 (by the Commission), released February 26, 2002 ("Report and Order"). As demonstrated herein, good cause exists for this waiver because it is economically and technically infeasible for Petitioner to comply with the October 1, 2002 deadline for EAS implementation.^{1/}

Background and Facts

1. The FCC has adopted rules to implement Section 624(g) of the Communications Act, as amended by the Cable Act of 1992, fulfilling the Congressional directive that every wireless cable television operator ensure that viewers of video programming on wireless cable systems are afforded the same information as is afforded by the emergency broadcasting system.^{2/} The Commission began

^{1/} "The Commission may exercise its discretion to waive a rule where particular facts would make strict compliance inconsistent with the public interest." *WAIT Radio v. FCC*, 418 F.2d 1153, 1159 (D.C. Cir. 1969). Waiver of a Commission rule is appropriate where (1) the underlying purpose of the rule will not be served, or would be frustrated, by its application in a particular case, and grant of the waiver is otherwise in the public interest, or (2) unique facts or circumstances render application of the rule inequitable, unduly burdensome or otherwise contrary to the public interest, and there is no reasonable alternative.

^{2/} See Cable Television Consumer Protection and Competition Act of 1992, Pub. L. No. 102-385, §16(b), 106 Stat. 1460 (1992).

by replacing the Emergency Broadcast System with the Emergency Alert System (“EAS”).^{3/} Subsequently, the Commission extended the EAS requirements to wireless cable systems. At the same time it declined to provide an exemption for small systems or to adopt a specific waiver policy.^{4/} However, the Commission did establish a policy whereby it would receive requests for individual relief, to be considered on a case-by-case basis, and to be granted in appropriate circumstances upon sufficient showing of need. That policy has been confirmed as a means of relief for small system operators who make a showing of financial hardship.^{5/} The Commission has indicated that requests for waiver are required to contain at least the following:

1. justification for the waiver;
- 2) information about the financial status of the entity, such as a balance sheet and income statement for the past two years (audited, if available);
- 3) the number of other entities that serve the requesting entity’s coverage area and that are expected to install new EAS equipment; and
- 4) the likelihood (such as proximity or frequency) of hazardous risks to the requesting entity’s audience.^{6/}

2. Petitioner has made efforts to assess what steps it would need to take to meet the October 1, 2002 deadline, and has determined that compliance is presently impossible due to the unavailability

^{3/} Report and Order and Further Notice of Proposed Rulemaking, 10 FCC Rcd 1786 (1994), reconsideration granted in part, denied in part, Memorandum Opinion and Order, 10 FCC Rcd 11494 (1995).

^{4/} Second Report and Order, 15 FCC Rcd 15503, at ¶19 and ¶38 (1997)

^{5/} Report and Order, at ¶73.

^{6/} Id.

of equipment to facilitate compliance with Section 11.11 in an economically reasonable manner. Specifically, Petitioner has procured information from its engineering consultants concerning the cost of equipment. Petitioner has sought guidance from its advisors and industry colleagues to find affordable solutions for small, independent wireless cable operators. However, no satisfactory solution has been identified that would allow Petitioner to become EAS compliant by October 1, 2002.

Petitioner's Systems and EAS Cost Estimates

3. Petitioner is a wireless cable television system operator serving only 1,431 subscribers from three transmission sites in the State of South Dakota, listed below:

<u>Transmission Site</u>	<u>Number of Subscribers</u>	<u>Service</u>	<u>Channel</u>	<u>Call Sign</u>	<u>Licensee</u>
Willow Lake, SD	307	MDS	F Group	WLK319	North East TV Cooperative, Inc. ("NE TV Coop")
		MDS	E Group	WLK323	NE TV Coop
		ITFS	B Group	WNC820	Willow Lake School District
		ITFS	D Group	WNC827	De Smet School District
Sisseton, SD	544	MDS	F Group	WLK365	NE TV Coop
		MDS	E Group	WLK366	NE TV Coop
		MDS	H3	WNTK289	NE TV Coop
		ITFS	B Group	WNC879	Sisseton School District
		ITFS	D Group	WNC878	Veblen School District
Watertown/ Kranzburg, SD	580	MDS	F Group	WLK327	NE TV Coop
		MDS	E Group	WLK330	NE TV Coop
		MDS	H1	WNTK288	NE TV Coop

ITFS	G Group	WNC826	Summit School District 54-6
ITFS	D Group	WNC959	Waverly School District 14-5
ITFS	B Group	WNC960	Deuel School District

Petitioner is accordingly in the category of wireless cable television systems serving fewer than 5,000 subscribers. It is in the unusual circumstance of serving a small number of subscribers from three transmission sites because the areas served are small, rural and geographically disconnected.

4. In adopting the EAS requirements, the FCC estimated that the cost of becoming capable of providing audio and video EAS messages on one channel, along with an audio alert message and a video interrupt on all programmed channels, would be approximately \$6,000 to \$10,000 per headend for coaxial cable systems.^{7/} The FCC furthermore estimated that the cost per subscriber for a 1,000 subscriber system would be approximately twelve cents per month over a seven year period, and that the cost per subscriber for a 100 subscriber system would be \$1.20 per month over a seven year period.^{8/} At the same time the Commission recognized that smaller systems do not have access to the financial resources, purchasing discounts and other efficiencies of larger companies. In this context the Commission chose to make no distinction between those cable systems which are affiliated with larger companies and those which are not.^{9/}

5. The Commission's estimates are born out by Petitioner's own research, with regard to wireless cable television systems, calculated per transmission site rather than per headend.

^{7/} Id., at ¶23.

^{8/} Id.

^{9/} Id., at ¶26. Petitioner's affiliation with larger companies (seven rural electric cooperatives located in eastern South Dakota) is therefore not a subject for consideration in this matter.

Petitioner's EAS equipment costs are quoted at \$7,413 per transmission site, *excluding* necessary accessories and installation, which would add about \$1,000 per transmission site. The estimate totals 25,239. Having obtained this figure, Petitioner has investigated financing possibilities for the purchases. Petitioner's efforts have proved unsuccessful because of leverage restrictions placed upon Petitioner by existing lenders.

6. Assuming that favorable financing terms were to become available, Petitioner estimates that it would have to spend over \$34,000 over seven years to implement EAS. The cost of EAS is too great a burden to place upon this set of small wireless systems, whose entire operation cumulatively showed a loss of \$45,915 in year 2000 and a loss of \$57,938 in year 2001.^{10/} The financial burden of EAS implementation would have a severe impact on Petitioner, especially considering the dispersed configuration of Petitioner's rural facilities.

Alternative Sources of Emergency Alerting, and Types and Frequency of Risks

7. Petitioner carries on all of its systems all of the local broadcasting affiliates for ABC, CBS, NBC, FOX and PBS. All of those stations carry weather crawlers and are active in interrupting programs to show weather and other emergency developments throughout the area covered by Petitioner. Every system is served by at least one 24-hour news network (CNN), making national breaking news available to all subscribers on the basic tier. Each system also carries The Weather Channel 24 hours a day, which conveys local weather information and updates, as well as national alerts. Finally, local and county Civil Defense systems are installed to cover many of the communities

^{10/} Petitioner's audited adjusted income statement and balance sheet for years 2000 and 2001 are attached hereto.

served by Petitioner. No other MDS or cable television systems serve the communities served by Petitioner, so there are none that would be expected to install new EAS equipment in Petitioner's service areas.

8. The main risk to the served communities, that involves emergency alerting, is the occasional weather emergency. Tornadoes, floods, blizzards and wildfires are the common hazards. Petitioner strives to keep its systems operating during times of danger so that viewers can tune into local broadcast stations for specific alert information. The vast majority of Petitioner's subscribers live on farms or rural acreages with unobstructed views of developing local weather, and indeed they keep a close eye on the weather. They are well aware of the hazards of severe weather systems and of the precautions to be taken to mitigate damage and avoid injury.

9. Most of Petitioner's customers own their own weather radios. As electricity customers of Petitioner's owners, they have had the opportunity to purchase weather radios at cost from the East River Electric Cooperative, a transmission cooperative. The owners of Petitioner are seven rural electric cooperatives in eastern South Dakota. The owners, in turn, are members of East River Electric Cooperative, which has made the radios available to patrons of Petitioner's owners. Additionally, The State of South Dakota recently donated thousands of radios to a range of public and private officials to be used to warn citizens of imminent dangers and threats from weather and other sources. The radios are equipped with a special alarm feature which sounds an alert for public emergencies and disasters. ^{11/}

10. The likelihood of the occurrence of an unusual or surprise national emergency that would

^{11/} See attached letter from The Honorable William J. Janklow, Governor of the State of South Dakota, dated February 4, 2002.

directly affect Petitioner's subscribers is remote. None of the communities is in close proximity to a nuclear reactor or major airport. None are located near an international border, and no major prisons, reservoirs, hospital, military or weapons facilities are installed nearby. It is therefore likely that if a national emergency were to occur, Petitioner's subscribers would be informed by the existing alerting systems and by the television programming that Petitioner now provides. For this reason it is in the subscribers' interests that Petitioner's operations remain in service, at low monthly rates, and that they not be compromised by the financial burden of a specially installed EAS system.

Justification for Waiver

11. As demonstrated herein, Petitioner's compliance with the EAS by October 1, 2002 is not reasonably achievable because it is technically and economically infeasible. Petitioner continues to work closely with suppliers and programmers to find EAS solutions for use by small wireless cable systems, including FCC-certified decoder-only units, recently approved by the Commission in its Report and Order, should such units become available on the market. Petitioner remains willing to install compliant EAS equipment. To do so by the October 1, 2002 deadline, however, would require a \$34,000 expenditure and place Petitioner at serious business risk. The cost of EAS will be reduced as alternative small system solutions are adopted. Petitioner and its customers will benefit if Petitioner's installation of EAS is postponed until such time.

12. Grant of Petitioner's request for a waiver of Section 11.11 is in the public interest. The unique and unusual circumstances surrounding the Petitioner's inability to comply with the implementation deadline is due to some of the very circumstances which were contemplated by the

Commission as being grounds for relief from EAS obligations. Special consideration is warranted under the circumstances presented, which, while common among small systems, have been demonstrated herein to be uniquely applicable to Petitioner's operation and efforts in this matter.

13. Enforcement against Petitioner would threaten the ongoing viability of Petitioner's wireless cable television systems, some of which are extremely small, and all of which are located in very rural areas of the State of South Dakota. Petitioner consistently attempts to offer the best service possible to its subscribers, some of whom would otherwise not receive local programming and other services in the remote areas where they reside. In this case, Petitioner requests the opportunity to continue to provide the high quality of service that it presently offers to its customers, without the risk of jeopardy resulting from the high cost of EAS implementation.

CONCLUSION

For the reasons explained, Petitioner requests that it be relieved of the obligation to provide EAS, and in particular, that it be granted a temporary, 36-month waiver of the October 1, 2002 date for commencement of compliance with Section 11.11 of the FCC's rules. The Petitioner's showing herein is consistent with the requirements for relief set forth in the FCC's Report and Order in this matter. Furthermore, the public interest benefit of such grant equals or exceeds that which the Commission has found in other instances to be sufficient for waiver of the EAS requirements. Accordingly, Petitioner requests that a waiver be granted as proposed.

The Commission may contact V. LeRoy Bergan, President, North East TV Cooperative, Inc., 806 10th Street, SW, Watertown, SD 57201, phone:(605) 886-5706, fax: (605) 886-5934, with any questions regarding this request. Please direct a copy of any written communications to Petitioner

to Lukas, Nace, Gutierrez & Sachs, Chtd., Attention Pamela L. Gist, 1111 19th Street N.W. Suite 1200, Washington, D.C. 20036; Phone: (202) 828-9473; Fax: (202) 828-8408; Email: pgist@fcclaw.com. Please also direct a copy of any written communications to Petitioner to Thomas F. Burns, Esq., P.O. Box 903, Watertown, SD 57201-0903; Phone: (605) 886-5885; Fax:(605) 886-2899.

Respectfully submitted,

NORTH EAST TV COOPERATIVE, INC.

By: Pamela L. Gist
Pamela L. Gist
Its Attorney

Date: July 10, 2002

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NORTH EAST TV COOPERATIVE, INC.

***FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000***

NORTH EAST TV COOPERATIVE, INC.

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
North East TV Cooperative, Inc.
Watertown, South Dakota

We have audited the accompanying balance sheets of **North East TV Cooperative, Inc.** as of December 31, 2001 and 2000, and the related statements of income and accumulated deficit and cash flows for the years then ended. These financial statements are the responsibility of the cooperative's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **North East TV Cooperative, Inc.** as of December 31, 2001 and 2000, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Eide Bailly LLP

March 26, 2002
Sioux Falls, South Dakota

NORTH EAST TV COOPERATIVE, INC.
BALANCE SHEETS
DECEMBER 31, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 14,342	\$ 2,909
Accounts receivable, less allowance for doubtful accounts (2001 - \$13,606; 2000 - \$12,049)	20,785	20,258
Investments in associated organizations - current	-	116,228
Materials and supplies	41,879	38,385
Prepaid expenses	2,736	292
Total current assets	<u>79,742</u>	<u>178,072</u>
INVESTMENTS IN ASSOCIATED ORGANIZATIONS	<u>74,221</u>	<u>79,165</u>
PROPERTY AND EQUIPMENT	<u>2,459,500</u>	<u>2,442,705</u>
Less accumulated depreciation and amortization	<u>(1,811,059)</u>	<u>(1,630,975)</u>
	<u>648,441</u>	<u>811,730</u>
	<u>\$ 802,404</u>	<u>\$ 1,068,967</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable	\$ 481,339	\$ 588,994
Current maturities of long-term debt	66,644	69,307
Accounts payable - stockholders	29,688	29,688
Trade accounts payable	18,022	26,105
Accrued expenses	12,016	11,816
Deferred revenue and customer prepayments	61,765	80,671
Total current liabilities	<u>669,474</u>	<u>806,581</u>
LONG-TERM DEBT, LESS CURRENT MATURITIES		
Notes payable - stockholders	100,000	100,000
Notes payable - NRUCFC	85,772	157,290
	<u>185,772</u>	<u>257,290</u>
STOCKHOLDERS' EQUITY		
Common stock, par value \$1 per share; authorized, 1,015,000 shares; issued and outstanding, 1,015,000	1,015,000	1,015,000
Accumulated deficit	<u>(1,067,842)</u>	<u>(1,009,904)</u>
	<u>(52,842)</u>	<u>5,096</u>
	<u>\$ 802,404</u>	<u>\$ 1,068,967</u>

See Notes to Financial Statements

NORTH EAST TV COOPERATIVE, INC.
STATEMENTS OF INCOME AND ACCUMULATED DEFICIT
YEARS ENDED DECEMBER 31, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
INCOME		
Cable television service (net of programming fees: 2001 - \$210,785; 2000 - \$203,678)	\$ 383,223	\$ 427,944
Sale of equipment and labor (net of equipment costs: 2001 - \$21,356; 2000 - \$29,233)	(6,018)	(8,876)
Equipment rental	24,310	27,191
Miscellaneous	21,496	42,911
	<u>423,011</u>	<u>489,170</u>
EXPENSES		
Selling, general, and administrative	248,612	274,606
Depreciation and amortization	180,084	188,568
Interest	52,253	71,911
	<u>480,949</u>	<u>535,085</u>
NET (LOSS)	(57,938)	(45,915)
ACCUMULATED DEFICIT, BEGINNING OF YEAR	<u>(1,009,904)</u>	<u>(963,989)</u>
ACCUMULATED DEFICIT, END OF YEAR	<u>\$ (1,067,842)</u>	<u>\$ (1,009,904)</u>

NORTH EAST TV COOPERATIVE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
OPERATING ACTIVITIES		
Net (loss)	\$ (57,938)	\$ (45,915)
Charges and credits to net margins not affecting cash		
Depreciation and amortization	180,084	188,568
Patronage capital allocations from other cooperatives	(58)	(50,066)
Change in assets and liabilities		
Accounts receivable	(527)	(2,339)
Materials and supplies	(3,494)	11,624
Prepaid expenses	(2,444)	8,835
Trade accounts payable	(8,083)	7
Accrued expenses	200	6,318
Deferred revenue and customer prepayments	(18,906)	(3,017)
NET CASH FROM OPERATING ACTIVITIES	<u>88,834</u>	<u>114,015</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(16,795)	(70,802)
Proceeds from maturity of investments	116,228	
Decrease in other investments	5,002	11,516
NET CASH FROM (USED FOR) INVESTING ACTIVITIES	<u>104,435</u>	<u>(59,286)</u>
FINANCING ACTIVITIES		
Net (payments) borrowings on short-term notes	(107,655)	104,186
Advances on long-term borrowings - stockholders	-	100,000
Principal payments on long-term borrowings	(74,181)	(267,160)
NET CASH USED FOR FINANCING ACTIVITIES	<u>(181,836)</u>	<u>(62,974)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	11,433	(8,245)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,909</u>	<u>11,154</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 14,342</u>	<u>\$ 2,909</u>

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SUPPLEMENTAL DISCLOSURES
OF CASH FLOW INFORMATION

Cash payments for interest

2001

2000

\$ 52,253

\$ 71,911

NORTH EAST TV COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

For purposes of reporting cash flows, the cooperative considers all deposits with an original maturity of three months or less to be cash equivalents.

Materials and Supplies

Materials and supplies are stated at average cost.

Investments and Other Assets

Investments and other assets are stated at cost.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed by the straight-line method over the following estimated useful lives.

	<u>Years</u>
Buildings	35
Towers	35
Antennas	12
Head-end equipment	12
Electronic equipment	12
Hardwire systems	12
Office furniture and equipment	7
Transportation equipment	7
Tools, shop, and garage equipment	7
Communications equipment	7
Rental equipment	5

Business and Credit Risk

The cooperative sells wireless and cable television services and equipment on account to consumers located primarily in northeastern South Dakota.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with the accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - NATURE OF OPERATIONS

North East TV Cooperative, Inc., organized October 6, 1988, is a provider of wireless cable television services. In addition, the cooperative sells related equipment and accessories.

NOTE 3 - INVESTMENTS IN ASSOCIATED ORGANIZATIONS

	2001	2000
Memberships:		
National Rural Utilities Cooperative Finance Corporation (NRUCFC)	\$ 1,000	\$ 1,000
Traverse Electric Cooperative, Inc.	100	100
	<u>1,100</u>	<u>1,100</u>
Patronage capital allocations:		
NRUCFC	45,672	47,562
Other cooperatives	16,119	16,060
	<u>61,791</u>	<u>63,622</u>
Loan capital term certificates of the NRUCFC, non-interest bearing, maturing through 1/1/2011	11,330	130,671
Less current portion	-	(116,228)
	<u>11,330</u>	<u>14,443</u>
Totals	<u>\$ 74,221</u>	<u>\$ 79,165</u>

NOTE 4 - PROPERTY AND EQUIPMENT

	2001			2000
	Cost	Accumulated Depreciation	Net	Net
Buildings	\$ 112,966	\$ 36,253	\$ 76,713	\$ 79,941
Antennas	165,019	90,085	74,934	88,699
Head-end equipment	1,150,492	1,103,349	47,143	137,927
Electronic equipment	144,368	94,161	50,207	55,416
Office furniture and equipment	40,566	39,350	1,216	1,925
Transportation equipment	19,164	15,559	3,605	-
Tools, shop, and garage equipment	8,250	8,250	-	76
Communications equipment	6,906	3,882	3,024	2,160
Rental equipment	157,493	149,812	7,681	16,577
Channel expansion	484,720	188,702	296,018	336,451
Hardware systems	132,315	81,656	50,659	58,211
Licenses	37,241	-	37,241	34,347
	<u>\$ 2,459,500</u>	<u>\$ 1,811,059</u>	<u>\$ 648,441</u>	<u>\$ 811,730</u>

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NOTES TO FINANCIAL STATEMENTS

The cooperative, as lessor, leases equipment to its customers on a monthly basis. Rental income for the years ended December 31, 2001 and December 31, 2000, was \$24,496 and \$27,191, respectively. It is expected that rental income for future years will be approximately \$25,000.

NOTE 5 - NOTES PAYABLE

	2001		2000
	Total	Current Maturities	Total
NRUCFC - short term:			
\$485,000 line-of-credit, variable rate (5.10% at 12/31/2001); matures 12/2/2003	\$ 481,339	\$ 481,339	\$ 485,000
\$105,000 line-of-credit, variable rate (8.55% at 12/31/2000); matured 9/21/2001	-	-	103,994
	<u>\$ 481,339</u>	<u>\$ 481,339</u>	<u>\$ 588,994</u>
NRUCFC - long-term			
\$363,158 promissory note, variable rate (5.0% at 12/31/2001); matures 2/3/2004	\$ 115,901	\$ 56,182	\$ 180,250
\$68,421 promissory note, variable rate (4.75% at 12/31/2001); matures 4/27/2005	36,515	10,462	46,348
	<u>\$ 152,416</u>	<u>\$ 66,644</u>	<u>\$ 226,598</u>

Substantially all assets are pledged as security on the NRUCFC notes. The stockholders of the cooperative have guaranteed repayment of the above loans to the NRUCFC.

The estimated principal repayments on the long-term notes for the next four years are as follows:

2002	\$ 66,644
2003	70,851
2004	11,844
2005	3,077

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - STOCKHOLDERS

	<u>Shares Owned</u>
Dakota Energy Cooperative, Inc.	145,000
Codington-Clark Electric Cooperative, Inc.	145,000
H-D Electric Cooperative, Inc.	145,000
Kingsbury Electric Cooperative, Inc.	145,000
Lake Region Electric Association, Inc.	145,000
Northern Electric Cooperative, Inc.	145,000
Whetstone Valley Electric Cooperative, Inc.	145,000
	<u>1,015,000</u>

NOTE 7 - INCOME TAXES

Under the provisions of the Internal Revenue Code, the cooperative has available \$1,223,996 of net operating loss carryforwards which can be offset against the future taxable income of the cooperative. The carryforwards expire as follows:

December 31, 2004	\$ 180,525
December 31, 2005	350,835
December 31, 2006	235,367
December 31, 2007	143,061
December 31, 2008	17,633
December 31, 2011	15,371
December 31, 2012	56,595
December 31, 2014	135,458
December 31, 2015	63,799
December 31, 2016	25,352
	<u>\$ 1,223,996</u>

NOTE 8 - BUILDING LEASE

The cooperative leases building space. The lease began November 1, 2001, and terminates October 31, 2002. The lease requires the cooperative to pay utility costs. Rent expense was \$10,590 and \$10,590 in 2001 and 2000, respectively. Future minimum rentals are \$4,000 for the year ended December 31, 2001.



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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

The Board of Directors
North East TV Cooperative, Inc.
Watertown, South Dakota

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Eide Bailly LLP

March 26, 2002
Sioux Falls, South Dakota

NORTH EAST TV COOPERATIVE, INC.
SCHEDULES OF SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES
YEARS ENDED DECEMBER 31, 2001 AND 2000

	2001	2000	Change
Salaries	\$ 78,213	\$ 89,481	\$ (11,268)
Utilities	42,122	43,205	(1,083)
Engineer	13,073	8,885	4,188
Property insurance	13,118	12,717	401
Postage	7,400	8,000	(600)
Management services and other	15,664	9,703	5,961
Building rent	4,800	10,590	(5,790)
Telephone	9,001	9,496	(495)
Vehicle lease	5,051	9,180	(4,129)
Fuel	7,620	10,161	(2,541)
Service and lease - computer	2,197	2,023	174
Payroll taxes	6,744	7,222	(478)
Bad debts	1,200	6,200	(5,000)
Vehicle repairs	3,593	6,334	(2,741)
Audit	3,710	4,346	(636)
Legal	4,600	3,284	1,316
Advertising	80	475	(395)
Injuries and damage insurance	3,268	2,519	749
FCC fees	4,500	2,750	1,750
Head end repairs	(450)	3,138	(3,588)
Office supplies	2,158	2,971	(813)
Copyright fees	995	2,378	(1,383)
Shipping and delivery	1,864	2,590	(726)
Free programming - lease sites	2,090	1,893	197
Repairs and maintenance - office	3,087	4,238	(1,151)
Board of directors expense	1,480	1,514	(34)
Shop supplies	55	206	(151)
Joint pole billings	1,248	347	901
Vehicle	852	1,116	(264)
Service and lease - copier	1,207	1,133	74
Real estate taxes	309	112	197
Franchise fees	759	846	(87)
Tower land rent	-	1,192	(1,192)
Equipment repairs	4,311	523	3,788
Tower rent	-	3,800	(3,800)
Miscellaneous	2,693	38	2,655
	<u>\$ 248,612</u>	<u>\$ 274,606</u>	<u>\$ (25,994)</u>



STATE OF SOUTH DAKOTA
WILLIAM J. JANKLOW, GOVERNOR

February 4, 2002

Four short months ago, our country was rocked by one of the worst sneak attacks ever perpetrated on mankind, when representatives of a religious fanatic group crashed four commercial airliners into the World Trade Center in New York City, the Pentagon in Washington, D.C., and the countryside in Pennsylvania.

That day forever changed our world and country and made each and every one of us keenly aware of our own vulnerabilities. In a state of emergency or disaster, warning systems and communication are critical components to deal with the threat at hand.

I can help solve that problem. I have been able to buy several thousand weather radios so we can donate them to a range of public and private officials. We have also devised a more effective way to use these radios to utilize a warning and communication system operated by the National Oceanic and Atmospheric Administration, which is better known as the NOAA Weather Radio Warning System.

Although the NOAA Weather Radio Warning System is called a "weather warning system," it can be used more extensively to warn citizens of imminent threats and dangers. Whether it is a terrorist bombing, tornado, flood, forest fire, or other emergency situation, a network to warn the public already exists. Unfortunately, the system is woefully underutilized.

This warning system broadcasts instant access to National Weather Service (NWS) warnings, watches, forecasts, and other non-weather related hazard information 24 hours a day and disseminates the same warning information used by the NWS, meteorologists, and other emergency personnel.

These radios are also equipped with a special alarm tone feature, which sounds an alert and gives you immediate information about a life-threatening situation that may affect you locally or nationally. In addition, when alerted, the NWS can utilize the same warning system for other public emergencies and disasters. For instance, if this system were fully utilized, it could have been used to warn citizens about the recent train accident in Minot, North Dakota, which resulted in one death.

It is my goal to distribute these radios throughout the state to enhance the safety of our citizens. I know you will find these radios useful in your operation and extremely valuable in the case of a disaster or emergency.

Sincerely,

A handwritten signature in black ink, appearing to read "William Janklow".

William J. Janklow

WJJ:edn

EXECUTIVE OFFICE

STATE CAPITOL
500 EAST CAPITOL
PIERRE, SOUTH DAKOTA
57501-5070

605-773-3212

DECLARATION

I, V. LeRoy Bergan, hereby state and declare:

1. I am President of North East TV Cooperative, Inc., Multipoint Distribution Service and Instructional Television Fixed Service operator and petitioner herein.

2. I am familiar with the facts contained in the foregoing Petition For Waiver of Emergency Alert System Requirements, and I verify that those facts are true and correct to the best of my knowledge and belief, except that I do not and need not attest to those facts which are subject to official notice by the Commission.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 10th day of July, 2002.



V. LeRoy Bergan
President

CERTIFICATE OF SERVICE

I, Loren Costantino, an employee in the law offices of Lukas, Nace, Gutierrez & Sachs, Chtd., do hereby certify that I have on this 10th day of July, 2002, sent by hand-delivery, a copy of the foregoing PETITION FOR WAIVER OF EMERGENCY ALERT SYSTEM REQUIREMENTS to the following:

Joseph P. Casey, Chief
Technical & Public Safety Division
Enforcement Bureau
445 12th St., S.W., Room 7-A843
Federal Communications Commission
Washington, D.C. 20554



Loren Costantino